

## NSE Clearing Limited

### Circular

**DEPARTMENT: COMPLIANCE**

Download Ref No: NCL/CMPL/64307

Date: October 1, 2024

Circular Ref. No: 34/2024

To All Clearing Members

**Sub: Corrigendum to the Circular issued on Submission of Annual Returns for the Financial year 2023-24 and Half Yearly Net worth Certificate as on September 30, 2024.**

This is with reference to the Circular No **NCL/CMPL/64280** dated September 30, 2024, in respect of submission of Annual Returns for the Financial year 2023-24 and Half Yearly Net worth Certificate as on September 30, 2024. In the said circular NCL prescribed action for reporting shortfall in Net worth and for non-submission of Net worth on page numbers 14 to 17 reproduced as below:

a. Action for reporting shortfall in Net worth

**For clearing Members :**

- Restriction on onboarding new Clearing Members.

**For PCM :**

- Restriction on onboarding new Clearing Members.

b. Action for non-submission of Net worth

**For clearing Members :**

- Restriction on onboarding new Clearing Members.

**For PCM :**

- Restriction on onboarding new Clearing Members.

However, members are requested to note that the word “Clearing Members” as underlined above shall be read as “Trading Members”

In view of the above, the penalty structure shall be read as follows:

Penalty for Non-submission of Net worth certificates within the due date or in case of any shortfall, failure to submit a revised Net worth certificate along with the original Net worth certificate as on September 30, 2024, shall result in action as prescribed in NCL Master Circular ref no. NCL/CMPL/61844 dated April 30, 2024 as follows;

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### A. SUBMISSION OF HALF YEARLY NET-WORTH CERTIFICATE

1.1. As per Regulation 9 of SEBI (Stockbrokers) Regulations, 1992 and the continuing membership norms of the Exchange/CC, all Members are required to maintain the prescribed minimum net worth at all times and submit the Net-worth certificate on a half yearly basis to the Exchange/CC. Net worth requirement as stated in SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 would be applicable to the members. Members may also be guided by Circular No. NCL/CMPL/55460 dated February 1, 2023 with respect to Clarification to Gazette Notification of SEBI (Stock Brokers) (Amendment) Regulations, 2022.

1.2. Member shall be required to submit the half yearly net worth within 2 months from the end of the respective half year i.e., for the Half year ending March, the due date shall be May 31st and for the Half year ending September, the due date shall be November 30th. Circular NCL/CMPL/57386 dated June 30, 2023, stipulates the disciplinary action in case of Net worth shortfall and non-submission of Net worth. The details are as under:

a. Action for reporting shortfall in Net worth

<b>ACTION FOR REPORTING SHORTFALL IN NETWORTH</b>	
<b>For Self-clearing members</b>	<p><b>Requirement:</b> In case of a Net Worth shortfall as on 31<sup>st</sup> March / 30<sup>th</sup> September, Members shall be required to mandatorily submit a revised certificate (as on a later date) along with the submission, meeting the minimum net worth requirement.</p> <p><b><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></b></p> <p>Member's Clearing rights shall be immediately disabled within 2 working days from the date of submission, in all segments of the Clearing Corporation.</p>
<b>For Clearing members</b>	<p><b>Requirement:</b> In case of a Net Worth shortfall as on 31<sup>st</sup> March / 30<sup>th</sup> September, Members shall be required to mandatorily submit a revised certificate (as on a later date) along with the submission, meeting the minimum net worth requirement.</p> <p><b><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></b></p> <p>One-month notice to be given to recoup the Net worth and submit the</p>

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	<p>revised Net worth, failing which the following action shall be initiated:</p> <ul style="list-style-type: none"> <li>• Total deposits shall be blocked in accordance to % of shortfall as given in Note 1 below. No Exposure shall be permitted on such blocked deposit.</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>
<b>For PCM</b>	<p><b><u>Requirement:</u></b> In case of a Net Worth shortfall as on 31st March / 30th September, Members shall be required to mandatorily submit a revised certificate (as on a later date) along with the submission, meeting the minimum net worth requirement.</p> <p><b><u>Action in case of shortfall and failure to submit revised certificate with adequate Net worth:</u></b></p> <p>One-month notice to be given to recoup the Net worth and submit the revised Net worth. Upon failure:</p> <ul style="list-style-type: none"> <li>• Total deposits shall be blocked in accordance to % of shortfall (See note-1 below). No Exposure shall be permitted on such blocked deposit.</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>

Note-1:

Category	Deposit to be blocked
Net worth shortfall less than or equal to 10% of the prescribed minimum	10% of Total Deposits (cash and collateral)
Net worth shortfall less than or equal to 20% of the prescribed minimum.	25% of Total Deposits (cash and collateral)
Net worth shortfall less than or equal to 50% of the prescribed minimum	50% of Total Deposits (cash and collateral)
Net worth shortfall greater than 50%	90% of Total Deposits (cash and collateral)

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b. Action for non-submission of Net worth

<b>ACTION FOR NON-SUBMISSION</b>	
<b>For Self-clearing members</b>	Immediate disablement within two working days from the date of submission, in case of non-submission of Net worth within 2 months from the end of the half year
<b>For Clearing member</b>	<p>The following actions shall be taken on immediate basis if the Net worth is not submitted within 2 months from the end of the half year.</p> <ul style="list-style-type: none"> <li>• 90% of Clearing deposits shall be blocked. No Exposure shall be permitted on such blocked deposit</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>
<b>For PCM</b>	<p>The following actions shall be taken on immediate basis w.e.f. the following working day post the due date.</p> <ul style="list-style-type: none"> <li>• 90% Total deposits shall be blocked</li> <li>• Restriction on onboarding new Trading Members.</li> <li>• 2-months' notice to be given to the TMs affiliated with the Clearing member to associate with another Clearing member.</li> </ul>

**For and on behalf of  
NSE Clearing Limited**

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